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January 16, 2018

VIA, ELECTRONIC FILING

The Honorable Jocelyn Boyd
Chief Clerk and Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: • **Docket Number 2017-2-E**
• **Opposition to SCE&G's Request for a Waiver**

Dear Ms. Boyd:

Enclosed for filing is the South Carolina Solar Business Alliance, LLC's Opposition to SCE&G's Request for a Waiver, Docket Cover Sheet and Certificate of Service.

All parties of record have been served. Please notify the undersigned if you there is anything else you may need.

Respectfully Submitted,

/s/ _____
Richard L. Whitt

RLW/cas

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2017-2-E**

IN RE: Annual Review of Base Rates for)	
Fuel Costs for South Carolina)	
Electric & Gas Company)	OPPOSITION TO SCE&G'S
)	REQUEST FOR A WAIVER

INTRODUCTION

On December 22, 2017, South Carolina Electric & Gas Company ("SCE&G") filed a Request for a Waiver of this Commission's requirement that SCE&G update its PR-2 Rate Schedule in December, 2017, (hereinafter as, "Waiver Request"). The South Carolina Solar Business Alliance ("SCSBA"), intervened and participated in Docket 2017-2-E and therefore SCSBA has standing to respond to SCE&G's Waiver request. This Commission issued its Directive Order No. 2018-3-H, on January 5, 2018, requiring SCSBA to respond on January 16, 2018. SCSBA's response follows.

OPPOSITION TO REQUEST FOR WAIVER

SCE&G's last update to its PR-2 rate was approved by the Commission on April 27, 2017 and went into effect in May 2017. Under the biennial rate update schedule ordered by the Commission (at SCE&G's request) in Order No. 2016-297, SCE&G should have submitted a second, revised PR-2 rate schedule in 2017. Instead, SCE&G waited until December 22, 2017, to even request a waiver.

SCE&G sets forth a series of events as the basis for its Waiver Request, arguing that they create such uncertainty that it would not be "prudent" for SCE&G to update the PR-2 rate. The stated events are (i) "...SCE&G has added or contracted to add additional solar facilities to its resource plan..." (ii) "...announced the abandonment of the two new nuclear units at V.C. Summer Station..." and (iii) "...announced its intent to purchase the Columbia Energy Center." SCE&G has provided no basis for this Commission to grant its Waiver Request because the events cited by SCE&G actually undermine and contradict the logic of SCE&G's request for a five month delay in updating its PR-2 Rate.

As shown by specific reference to Commission Orders below, the significant events cited by SCE&G actually require that SCE&G accelerate, not delay, updates the PR-2 Rate Schedule. In Order 2017-246 in Docket 2017-2-E, the Commission noted that "...**the Company proposes** to update the PR-2 Rate Schedule twice a year, **unless a significant event warrants updates be made more frequently....**" (Order No. 2017-246, at p. 22), (emphasis added).

The Commission further noted that “[s]ince SCE&G’s PR-2 rate is based on long-run avoided costs and is used to price long-term power purchase agreements, [SCE&G’s] Witness Lynch stated that SCE&G believes it is critical to keep the PR-2 rate up to date with current information and therefore [the PR-2 Rate] must be updated at least twice a year and perhaps more frequently if conditions warrant.” (Order No. 2017-246, at p. 25), (emphasis added). The Commission agreed with SCE&G and ruled that “[i]n order to provide up-to-date information, SCE&G’s proposal to update its proposed PR-2 Rate Schedule twice a year or more often as may be necessary is reasonable and consistent with Commission Order No. 2016-297.” (Order No. 2017-246, at p. 25), (emphasis added).

Similarly, in Order No. 2016-297 in Docket 2016-2-E the Commission ruled that “[i]n order to provide up to date information, SCE&G’s proposal to update its proposed PR-2 Rate twice a year or more often as may be necessary is reasonable.” (Order No. 2016-297, at p. 26), (emphasis added).

SCE&G Should Have Already Updated its PR-2 Rate.

In light of these prior rulings, and SCE&G’s own testimony about the required frequency of updates, the list of significant events identified in SCE&G’s Waiver Request should have required SCE&G to update its PR-2 Rate at the time of the first such event, instead of requesting a five-month delay, after three significant events. Indeed, SCE&G should have come before this Commission to update its PR-2 Rate Schedule as soon as the first of the significant events cited by SCE&G occurred. Instead, SCE&G waited some five months after the highly significant event of its public notice that it was abandoning the two nuclear units to come before this Commission and then, rather than seeking belatedly to update the PR-2 Rate Schedule, is inexplicably asking this Commission to delay the required update for an additional five months until April/May, 2018.

This Commission should therefore deny SCE&G’s Waiver Request and direct SCE&G to update its PR-2 Rate Schedule immediately based on all new developments and information – something it should have done long before now.

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Granting the Waiver Request Would Let SCE&G Inappropriately Manipulate its PR-2 Rates.

Had SCE&G updated the PR-2 rate schedule, as it should have, after announcing that it was abandoning the V.C. Summer nuclear plants, the updated PR-2 rates would likely have had significantly higher capacity components because of the increased demand for capacity in future years in the absence of the planned nuclear units. SCE&G did not update its rates then, but appears to have waited until it had formulated a plan to purchase the Columbia Energy Center and put additional solar facilities under contract—events that would exert downward pressure on avoided capacity costs—to even ask the Commission for its waiver. In its waiver request SCE&G also announces its intention to seek approval for a revised capacity calculation methodology that will further reduce capacity payments. SCE&G should not be permitted to “game” its update obligations to minimize its capacity rates in this way.

CONCLUSION

Based on the foregoing, including specific references to Commission Order 2016-297 and Commission Order 2017-246, and the significant events admitted to by SCE&G, this Commission should deny SCE&G’s Waiver Request and order SCE&G to update its PR-2 Rate as soon as practicable, retroactive to December, 2017. This Commission’s Order should also acknowledge that SCE&G needs to update its IRP as scheduled and avoided cost methodology and provide such other and further relief as this Commission deems appropriate.

Respectfully Submitted,

/s/

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January 16, 2018
Columbia, South Carolina

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2017-2-E**

IN RE: Annual Review of Base Rates for)	
Fuel Costs for South Carolina)	
Electric & Gas Company)	CERTIFICATE OF SERVICE
)	

I, Carrie A. Schurg, an employee of Austin & Rogers, P.A., certify that I have served copies of the South Carolina Solar Business Alliance, LLC's Opposition to SCE&G's Request for a Waiver, Docket Cover Sheet and this Certificate of Service, as indicated below, via electronic mail on January 16, 2018.

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/s/ _____
Carrie A. Schurg

January 16, 2018
Columbia, South Carolina